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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001154

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SUBJECT: TAIWAN VERSUS CHINA IN AFRICA: DOWN BUT NOT OUT

Classified By: AIT Deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

11. (C) Summary: Taipei plans to host an Africa Summit this September to shore up bilateral relations with the five African countries that still recognize Taiwan following the losses of Senegal and Chad over the last two years. The summit in part is a response to Beijing's growing influence in Africa, which MOFA officials say poses a "major challenge" to Taiwan's diplomatic work there. Despite Beijing's campaign to undermine Taiwan's diplomatic relationships, MOFA officials remain confident that relations with the five African partners are "firm" and do not foresee any defections in the coming year. While African ambassadors in Taipei expect their home governments to stay with Taiwan for now, some are expressing hope that Taipei will do more to assist their countries. End Summary.

Summit Aims to Strengthen Ties...

12. (C) On April 28 Taiwan announced plans to host an Africa-Taiwan Summit in September for the leaders of its five African diplomatic partners (Burkina Faso, The Gambia, Malawi, Sao Tome and Principe, and Swaziland). Foreign Ministry officials said the summit will focus on helping the five countries overcome challenges posed by globalization, particularly in the fields of information technology, environmental protection, and energy technology. MOFA Acting Director-General for African Affairs Jack Wu underscored to AIT that the summit will provide an opportunity for President Chen Shui-bian to strengthen personal relations with the heads of the five African nations. Taipei plans to unveil new projects aimed at reducing poverty and promoting economic development. Turning to specifics, Wu noted that the initiatives are likely to focus on agriculture, ecotourism, energy production, and e-government. Taiwan also plans to expand existing medical and technological assistance missions

to the five countries.

...And Resist Beijing's Growing Pull

13. (C) The summit aims in part to counter Beijing's growing influence in Africa, which Wu suggested poses a "major challenge" to Taiwan's diplomatic work in the continent. Beijing's announcement of over USD 20 billion in various loan and aid packages at the China-Africa Summit last November demonstrates China's growing clout in Africa, Wu asserted. National Chengchi University (NCCU) Professor Yen Chen-shen noted that China has been courting African countries by unveiling substantive aid commitments and promoting head-of-state visits. Gambia Ambassador Mawdo Juwara suggested that visits by PRC President Hu Jintao, Premier Wen Jiabao and previous Foreign Minister Li Zhaoxing in recent years were "unprecedented" for Africa. Sao Tome and Principe's Ambassador Ladislau D'Almeida predicted that within 15 years China's influence in Africa might overtake that of the US and the Europeans, which is causing African countries now to begin thinking about the implications for them of the rise of China.

14. (C) AIT's contacts say that although China's primary interest in Africa is securing raw materials and expanding markets, it is also pressuring Taiwan's allies to switch diplomatic recognition to Beijing. According to MOFA official Wu, the PRC has recently made overtures to leaders in Malawi, Burkina Faso and Sao Tome. Taiwan's two other partners, Swaziland and the Gambia, are also at risk of being

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courted by Beijing, Wu added. Taiwan International Cooperation and Development Fund (ICDF) Secretary-General Chen Cheng-chung told AIT that Taiwan's small, aid programs, though efficient and transparent, "cannot compete" with the vast sums that the PRC and its state-owned companies can provide. Since Taiwan does not have the resources to compete across the continent, Taipei's strategy is to concentrate attention and resources to retain its five remaining allies, Wu said. Professor Yen explained that part of the conundrum facing Taiwan is that it can only hope to hold onto countries that are small and weak. Countries that are large, regionally powerful, have extensive natural resources, or need peacekeeping assistance from international organizations, need to "work" with Beijing in regional and international forums, and hence are unlikely to stick to, or recognize, Taiwan.

Holding onto Remaining Partners

15. (C) Despite Beijing's unrelenting campaign to undermine Taipei diplomatically and Taiwan's resource constraints, Taiwan officials remain confident that relations with the five African allies are "firm" and do not foresee any defections in the coming year. Wu said that Malawi and Swaziland are especially solid allies. Taiwan-Gambia relations are also fairly stable, as shown by Premier Su's attendance at President Jammeh's inauguration last December. As its diplomatic partners decrease, Taiwan gives more attention to the remaining allies, noted Wu. Taiwan conducts a wide range of programs in resource-poor countries, such as Burkina Faso and Swaziland, which have little to offer the PRC. Beijing is also sometimes limited in its ability to use African states that recognize the PRC to pressure Taiwan's allies to switch recognition, Professor Yen suggested. For example, South Africa refuses to pressure Swaziland because of the benefits both derive from the Taiwan business presence in Swaziland.

Competing Assistance Programs

16. (C) Some African ambassadors, looking with envy at

Beijing's stepped-up engagement with the continent, have expressed hope Taipei could "do more" to help their countries. The Gambia and Sao Tome Ambassadors both expressed admiration for the PRC's investments, citing the construction of a \$75 million US dollar airport in Maputo, Mozambique, as well as hospitals and soccer stadiums throughout Africa. In contrast, Ambassador D'Almeida complained, Taiwan "is not doing nearly enough" to promote development in Sao Tome. Visits by Sao Tome President to Taipei and extensive negotiations with local textile companies have yet to yield concrete investments, added the Ambassador.

17. (C) AIT's contacts suggest that the PRC continues to push forward in Africa, despite some resentment against its growing presence. For now, however, Taipei's African partners agree that Taiwan's assistance is better than what the PRC is willing to offer. Beijing also has more to do to convince Taiwan's allies that it will follow through on grandiose promises of aid and investment. Taipei's African partners agree that Taiwan's vocational training schools and medical assistance teams, though small in scale, offer practical, tangible assistance compared with hypothetical commitments by Beijing. Taiwan's allies understand that "if Taiwan makes a promise, Taiwan keeps it," Director Wu said, pointing out that Taipei is assisting in the renovation of

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airports in Swaziland and the Gambia while the PRC has yet to complete promised factories in Zambia.

Taipei's "Weakest Link" -- Sao Tome and Principe

18. (C) Of Taiwan's five African partners, Sao Tome, with its potential for oil development, may be the most vulnerable to PRC inducements. According to our contacts, Sao Tome has been working with Nigeria on a 40-60 split to develop an oil field in its territorial waters. Professor Yen expects the PRC to use its close relations with Nigeria and its influence as an oil consumer to pressure Sao Tome to switch recognition to Beijing. Ambassador D'Almeida told AIT that Sao Tome is placing its hopes on oil to fund other projects, and has "no choice" but to work with Nigeria on oil development. Nevertheless, D'Almeida did not believe that Sao Tome would bow to pressure that could possibly come from Nigeria on the issue of switching recognition to Beijing. Director General Wu told AIT that Taiwan plans to discuss an airport renovation and a taro-processing project at the summit in order to cement Taipei's ties with Sao Tome. John Hsu, Deputy CEO of the China Petroleum Corporation (CPC) told AIT that although CPC has one engineer stationed full-time in Sao Tome to evaluate the development's feasibility, CPC considers the prospects for cost-effective oil extraction to be limited.

"Dollar Diplomacy"

19. (C) In the PRC-Taiwan competition for diplomatic recognition, both sides resort to "dollar diplomacy." Director Wu criticized Beijing's dollar diplomacy in the region, pointing to unconditional aid policies and support for unsavory regimes in Zimbabwe and the Sudan. Taiwan itself, however, does not remain immune from using dollar diplomacy in its quest for allies. Secretary-General Chen suggested that although the ICDF's programs are completely transparent, other Taiwan agencies carry out "under-the-table activities." Pan-Blue legislators in Taiwan have, for example, accused MOFA of giving large sums of money to Gambia during Jammeh's last election campaign. Professor Yen raised concerns that such actions lack transparency and could undermine progress towards good governance in Africa.

Comment

¶10. (C) After losing Senegal in 2005 and Chad last year to the PRC, Taiwan is stepping up efforts to hold onto its five remaining African partners. Taipei's decision to host an Africa Summit this September is an important part of these efforts. While the Foreign Ministry appears confident of its ability to prevent further losses in the short term, the competition between Beijing and Taipei will continue and well-placed "dollar diplomacy" has the potential to produce sudden, unexpected reverses.

YOUNG